

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 AF-10 NEA-10 ISO-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14

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AMEMBASSY THE HAGUE

AMEMBASSY LONDON

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AMEMBASSY TEHRAN

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EO 11652: NA

TAGS: ENRG JA

SUBJ: JAPANESE PETROLEUM SITUATION

REF: TOKYO 15044

SUMMARY: ALTHOUGH VARIOUS ESTIMATES OF JAPANESE OIL LOSSES
APPEAR IN PRESS, MITI, JAPANESE AND U.S. PETROLEUM COMPANY
SOURCES AGREE THAT DEC-MAR CUTBACKS LIKELY TO BE IN
25-30 PERCENT RANGE. PRESENT CONTROL MEASURES HAVE REDUCED CON-
SUMPTION OF OIL BY ONLY 5-6 PERCENT. THUS, ADJUSTMENT TAKING
PLACELARGELY BE DRAWING DOWN STOCKS. HOWEVER, INCREASINGLY TIGHTER
CONTROLS OVER CONSUMPTION ARE EXPECTED. END SUMMARY.

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1. IN DEALING WITH PETROLEUM CRISIS IN JAPAN, ONE OF IMPORTANT

QUESTIONS FACING POLICY MAKERS IS EXTENT OF SHORTFALL OF CRUDE OIL IMPORTS INTO JAPAN. ALTHOUGH MITI HAS PUBLICLY ANNOUNCED FIGURE OF 17 PERCENT SHORTFALL IN EXPECTED CRUDE OIL AVAILABILITY FOR OCTOBER THROUGH MARCH PERIOD, MITI OFFICIALS HAVE ACKNOWLEDGED TO EMBASSY THAT THIS IS ONLY QUOTE PUBLIC RELATIONS FIGURE UNQUOTE. MITI, JAPANESE OIL SOURCES, AND U.S. MAJORS IN JAPAN ALL AGREE THAT JAPANESE CUTBACK FOR DEC-MAR PERIOD (ON SHIPMENTS BASIS) WILL BEIN 25-30 PERCENT RANGE AS PERCENTAGE OF EXPECTED OIL RECEIPTS IN JAPAN.

2. AS NOTED IN REFTEL, GOJ ANNOUNCED ITS MEASURES TO COPE WITH SHORTAGE SITUATION ON NOV 16. PLAN IN ESSENCE HAD TWO PHASES A) VOLUNTARY CUTS TO CONSUMERS AND SMALL BUSINESSES AND B) ADMINISTRATIVE GUIDANCE TO LARGE OIL AND POWER USERS. MITI ADMITS THAT PERFORMANCE IN VOLUNTARY CATEGORY HAS NOT BEEN GOOD. DESPITE FACT GASOLINE STATIONS WERE CLOSED ON SUNDAY, NOV 25 (AS WELL AS LOCAL HOLIDAY NOV 23), WEEKEND DRIVING ON NATION'S MAJOR EXPRESSWAY WAS NEAR NORMAL, AND LOCAL DRIVING NOT REDUCED SIGNIFICANTLY. PRESS REPORTS ALSO MAKE CLEAR THAT SHORTAGES HAVE NOT YET BEGUN TO BE FELT BY GENERAL PUBLIC.

3. IN INDUSTRIAL CATEGORY WHICH COVERS LARGER SHARE OF PETROLEUM USE, ADMINISTRATIVE GUIDANCE BY MITI HAS PROVED MORE EFFECTIVE. MAJOR USERS OF OIL ARE APPARENTLY CUTTING BACK CONSUMPTION BY 10 PERCENT AS REQUESTED BY MITI. TOKYO ELECTRIC POWER CO. ADVISED EMBASSY NOV 27 THAT ITS 1,000 MAJOR CUSTOMERS (THOSE WHICH CONSUME ABOVE 3000KW) HAVE EFFECTIVELY CUT POWER CONSUMPTION BY 10 PERCENT. BECAUSE ONLY LARGEST CUSTOMERS ARE SUBJECT TO MITI RESTRAINTS, HOWEVER, TOKYO ELECTRIC ESTIMTES THAT ITS OVERALL POWER SALES HAVE BEEN REDUCED BY ONLY 5-6 PERCENT OF NORMAL LEVELS. SINCE SAME USE RESTRICTION SYSTEM BEING APPLIED TO OIL CONSUMERS AS IS APPLIED TO POWER CONSUMERS, WE WOULD ASSUME THAT OIL CONSUMPTION BEING REDUCED TO APPROXIMATELY SAME EXTENT.

4. THUS, WHILE OIL IMPORT REDUCTION IS APPROACHING 25 PERCENT LEVEL (LOCAL EXXON SOURCES ESTIMATE THIS LEVEL WILL BE REACHED ABOUT DEC 10), PETROLEUM CONSUMPTION IN JAPAN HAS BEEN REDUCED BY ONLY 5-6 PERCENT. AS RESULT, JAPANESE STOCKPILES ARE BEING LIMITED OFFICIAL USE

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DRAWN DOWN AT FAIRLY RAPID PACE.

5. ACCORDING TO MITI, THIS STRATEGY IS DELIBERATE BECAUSE IT DOES NOT BELIEVE THAT JAPANESE ECONOMY CAN WITHSTAND SHOCK OF FULL LEVEL OF PETROLEUM CUTBACKS AT ONE TIME. EMBASSY UNDERSTANDS THAT MITI NOW CONSIDERING RAISING LEVEL OF CUTBACK TO LARGE CONSUMERS TO 20 PERCENT AT THE END OF DEC AND PERHAPS TO 30 PERCENT AT SOME LATER DATE IF THAT SHOULD PROVE NECESSARY.

EMERGENCY ENERGY CONSUMPTION BILL, WHICH WILL BE SUBMITTED TO DIET
SHORTLY AFTER IT CONVENES ON DEC 1, WILL ALSO GIVE GOJ
RATIONING AND PRICE CONTROL AUTHORITY WHICH IT MAY LATER USE.
MITI, HOWEVER, IS UNDER HEAVY PRESSURES FROM THE REFINING
INDUSTRY TO MOVE FASTER TO REDUCE JAPANESE CONSUMPTION TO
THE LEVEL OF THE SHORTFALL IN IMPORTS.
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